



Government of the District of Columbia

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING



A Consumers' Guide to Frequently Asked Questions

A WORD FROM THE COMMISSIONER



Dear District of Columbia Consumers:

I am proud to present you with *A Consumers' Guide to Frequently Asked Questions*, designed to help you understand and take advantage of the services offered by the D.C. Department of Insurance Securities and Banking for the consumers using financial services. For your convenience, we have provided answers to many of your most frequently asked questions from the following bureaus: Insurance, Securities, Banking, and Enforcement and Investigation. In addition, this information should give you a general understanding of how the different bureaus within our agency function to serve you.

I hope you find this publication informative and useful. Our goal is to provide responsive and effective customer service to all D.C. residents. If you have additional questions or concerns that we have not addressed, please visit the consumer's section on our Web site at www.disb.dc.gov or contact us at (202) 727-8000.

We welcome your feedback. Should you have any suggestions on improving this publication, please e-mail me at disb@dc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas E. Hampton", written over a white background.

Thomas E. Hampton
Commissioner

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PREFACE

The Government of the District of Columbia Department of Insurance, Securities and Banking (DISB) regulates all financial-service businesses in the District of Columbia by administering District of Columbia insurance, securities and banking laws, rules and regulations. The government agency's goal is to protect the interest of District of Columbia consumers from unfair and abusive practices, while providing an equitable business arena for the regulated entities operating in Washington, D.C.

DISB comprises five bureaus. These are the Insurance Bureau, the Securities Bureau, the Banking Bureau, the Enforcement and Investigation Bureau, and the Risk Finance Bureau. For the purpose of this booklet, DISB has answered questions about the first four bureaus.

Insurance Bureau

The Insurance Bureau protects the interests of District consumers by ensuring that insurers and individuals presenting insurance products in the District of Columbia are qualified, appropriately licensed, and meet and act in accordance with all requirements of the insurance laws of the District of Columbia.

Securities Bureau

The Securities Bureau administers and enforces District of Columbia laws and regulations applicable to securities offerings and investment professionals. The bureau licenses and monitors investment advisers and their representatives and broker-dealers and their agents, and reviews certain public securities offerings in the District of Columbia.

Banking Bureau

The Banking Bureau regulates and supervises District-chartered banks and non-depository financial institutions licensed by DISB, including mortgage brokers and lenders, money transmitters, check cashers and money lenders. It also registers non-bank-owned automated teller machines.

Enforcement and Investigation Bureau

The Enforcement and Investigation Bureau protects the public by investigating financial frauds and scams targeting District of Columbia residents. The bureau supports other DISB bureaus by pursuing criminal behavior in the financial sector.

Risk Finance Bureau

The Risk Finance Bureau regulates captive insurance companies, risk retention groups and other nontraditional risk-transfer mechanisms operating in or from the District of Columbia. As this bureau's issues do not directly relate to consumers, we do not have a section on this bureau.

INSURANCE

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING
LABOR MANAGEMENT PARTNERSHIP COUNCIL
A CONSUMERS' GUIDE TO FREQUENTLY ASKED QUESTIONS
INSURANCE BUREAU

QUESTION	ANSWER
I was recently laid off from my job and lost health insurance provided by my employer. What can I do?	<p>If you were covered under a group health plan that was sponsored by an employer with 20 or more workers, you are probably eligible for COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985). COBRA allows for a continuation of your health care coverage benefits for a limited time. Under your extended COBRA coverage, you must pay the entire premium, which includes the employer's and employee's portions.</p> <p>If you were covered under a group health plan that was sponsored by an employer with less than 20 workers, you may also qualify for continuation of benefits.</p> <p>You may qualify for HIPAA (Health Insurance Portability and Accountability Act of 1996) if you have been continuously covered under one plan or different plans for at least 18 months before you lost your job and have exhausted COBRA or continuation of benefits. The District of Columbia has some options available to you. Please contact the D.C. Department of Health at (202) 671-5000 for more details.</p>

QUESTION	ANSWER
<p>I am disabled and cannot work. Are there any state or federal health insurance programs for which I qualify?</p>	<p>Yes. There are two programs under the Social Security Administration that may provide assistance if you are considered permanently disabled.</p> <ol style="list-style-type: none"> 1. Social Security Disability Insurance (SSDI) 2. Medicare <p>Please contact the Social Security Administration at 1(800) 772-1213. For the deaf or hard of hearing, call 1(800) 325-0778. You may visit its Web site at www.ssa.gov for more details.</p>
<p>I am buying a house and they mentioned PMI. What is PMI and do I need it?</p>	<p>PMI or Private Mortgage Insurance is an extra premium you may be required to pay at closing if your down payment is less than 20 percent of the value of the home. For example, usually the lender will forgo requiring you to pay PMI if your house is valued at \$100,000 and your down payment is \$20,000 or more. Some mortgage companies may require PMI coverage even if your down payment is more than 20 percent.</p>

QUESTION	ANSWER
<p>My daughter started a part-time job delivering pizzas to help defray college costs. She uses her own car to make the deliveries. If her car is covered under my policy, does my personal auto policy cover the liability if she is in an accident while on the job?</p>	<p>Most personal auto policies will exclude coverage for the vehicle while it is being used for delivery or for business purposes. You may want to check with your agent to see if an endorsement is available to cover this type of activity. Also, the pizza company may have insurance to cover what your auto policy does not cover.</p>
<p>I took my car to have some minor repair work. While it was in the shop, I was notified that my car was in an accident when it was being road tested. Is this a charge against my insurance or the repair shop?</p>	<p>Usually, a personal auto policy would not cover liability for any person who road tests your vehicle. The dealership should have a garage policy in place that would cover any damage to your vehicle while it is being road tested. You can file a claim against the dealer's garage policy for the damages.</p>
<p>I hit a deer with my car. Will my insurance policy cover this accident?</p>	<p>Most automobile policies provide two types of coverage: collision and comprehensive. If you have comprehensive coverage, any accident with animals and the damage they cause to your vehicle are covered under the comprehensive section of your automobile policy less the deductible.</p>

QUESTION	ANSWER
<p>I went to visit a friend, parked my car in the garage and left my briefcase in the back of my car. Later, I returned to my vehicle to find that my briefcase was gone. What should I do?</p>	<p>Generally, automobile insurance policies do not cover theft of personal items left in a car, which were not a permanent part of the vehicle when originally purchased from the dealer. However, most homeowners' or renters' policies may provide coverage for this type of incident. But most homeowners' policies exclude coverage when there is no visible forced entry.</p>
<p>What does "Free Look Period" mean?</p>	<p>Free look period allows you no less than 10 days from the date that a life insurance policy is delivered to you for your review and evaluation. However, a policy sold by mail order must provide a 30-day review period. If you decide to return the policy, the insurance company must give you a refund of any premium paid, including any policy fees or charges.</p>
<p>What is a pre-existing condition?</p>	<p>A pre-existing condition is any health condition you may have had prior to the effective date of your health policy, which may affect your coverage.</p>
<p>Does the law require all employers to offer health insurance?</p>	<p>No. Health insurance is not required by law.</p>

QUESTION	ANSWER
<p>What is an HMO?</p> <p>What is a PPO?</p>	<p>An HMO is a Health Maintenance Organization, which requires you to select a primary care doctor who helps you manage your health care needs.</p> <p>A PPO is a Preferred Provider Organization, which allows you to select any doctor within the network at the time of service without having to first identify a specific primary care provider. It allows for greater freedom of choice.</p>

SECURITIES

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING
LABOR MANAGEMENT PARTNERSHIP COUNCIL
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SECURITIES BUREAU

QUESTION	ANSWER
How can I tell if a securities firm or a particular individual in a securities firm has a D.C. license?	You can call the Licensing Division of the Securities Bureau at (202) 727-8000 to find out if a broker-dealer or investment adviser firm, or an individual at either type of firms, is licensed with the Securities Bureau.
Can I find out if the firm or individual has been the subject of any complaints or disciplinary action?	Yes. You can also get any disciplinary history that involves a particular firm or individual by calling the Securities Bureau at the number above, or by visiting the SEC Web site at www.sec.gov . On the home page, go to Investor Information and click on "Check out Brokers & Advisers."
Can you recommend an investment adviser or broker-dealer?	No. We can only provide information in the public record about a licensed professional or firm.

<p>I have heard about a great investment opportunity. How can I check it out?</p>	<p>You can call the Corporation Finance Division to see if the investment offering is registered with DISB. Also, you can check the SEC Web site to see if the offering is in the SEC system by visiting www.sec.gov. On the home page, go to Filings & Forms (EDGAR) and click on "Search for Company Filings."</p>
<p>Where can I go to find out more about investing in the stock market or planning for retirement, etc.?</p>	<p>There are many good sources of information about investing. If you visit DISB's Web site, you will see seven brochures with useful information. You can also request printed copies of the most popular brochures by calling DISB's Public Information Office at (202) 727-8000. In addition, there is a great deal of information in the business section of the D.C. Public Library.</p>
<p>Who do I contact if I think I have been treated improperly by a licensed securities professional, or that the investment I purchased was not accurately described to me?</p>	<p>You can call the Examinations Division of the Securities Bureau at (202) 442-4810. You can also obtain a complaint form on the DISB Web site or request a hard copy from the Examinations Division.</p>
<p>After I submit the complaint, what can I expect to happen?</p>	<p>A staff member will call or write you regarding the complaint form.</p>

BANKING

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BANKING BUREAU

QUESTION	ANSWER
What type of business does the Banking Bureau regulate?	The Banking Bureau charters and regulates banks, savings banks, trust companies, and other financial institutions seeking to establish an office in the District where deposits or savings are received. The bureau also regulates mortgage lenders and brokers, check cashers, money transmitters, consumer-sales-finance companies, moneylenders and operators of non-bank Automated Teller Machines (ATMs) in the District.
How can I get an application for a license to operate as a mortgage lender and broker, check casher, money transmitter, moneylender, consumer-sales-finance company or to operate a non-bank ATM?	You can obtain an application by accessing DISB's Web site at www.disb.dc.gov and clicking first on "Banking," then " Nondepository Licensing Information and Applications ."

QUESTION	ANSWER
<p>How do I file a complaint against a licensee regulated by the Banking Bureau?</p>	<p>As part of our responsibility, the Banking Bureau reviews complaints against the licensees we regulate. You may file a complaint online or download a PDF version of the form by accessing the Web site at www.disb.dc.gov and clicking on "Complaints."</p>
<p>What kind of information do I need to provide with my complaint?</p>	<p>It is helpful if you provide as much documentation as possible pertaining to your complaint, such as account statements and correspondence. Do NOT send originals. Mail copies of supporting materials and correspondence to Banking Bureau (see DISB Directory on the last page).</p>
<p>How many residential mortgage loans can a person or entity make or broker without obtaining a license?</p>	<p>None. There is no longer an exemption from licensing for persons who make or broker three or fewer loans. The current D.C. Mortgage Lender and Broker Act of 1996 requires that any person or entity, for compensation or gain, or in the expectation of compensation or gain, making or brokering (or intending to make or broker) a <u>single</u> residential mortgage loan in the District must be licensed by the Department of Insurance, Securities and Banking.</p>

QUESTION	ANSWER
How can I find what happened to a bank that is no longer operating?	You can visit the Federal Deposit Insurance Corporation (FDIC)'s Web site at www.fdic.gov . Information is available on all open and closed banks.
How do I legally serve a bank?	You no longer have to go through a resident agent. You can now serve any officer or director of any banking institution.
How can I verify the status of a license issued by the Banking Bureau?	You may verify if an entity is currently licensed with us by accessing our Web site at www.disb.dc.gov and clicking first on "Consumers," then on " License Verification of Nondepository Institutions ." You may also contact the Banking Bureau's licensing staff at BankingBureau@dc.gov .
Do banks have to cash my check?	Banks do not have to cash your checks. Most banks require you to have an account with them in order to cash personal checks. However, many will cash D.C. government checks with two forms of valid identification, even without an account.

ENFORCEMENT AND INVESTIGATION

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING
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ENFORCEMENT AND INVESTIGATION BUREAU

QUESTION	ANSWER
What does the Enforcement and Investigation Bureau (EIB) do?	EIB investigates all types of allegations of financial-services fraud referrals, such as automobile, property/homes, health, vision and dental care plans, life, workers' compensation, stock market manipulations, and predatory lending. Also, it addresses allegations of fraud committed by insurance producers, insurance companies, HMOs, securities brokers, securities investment advisers and other financial services as well as consumer fraud.
What does the Enforcement and Investigation Bureau NOT do?	EIB does not act as your lawyer, give you any legal advice or investigate allegations regarding D.C. Government Employees Benefits, Medicare, Medicaid, Social Security or tax fraud.

QUESTION	ANSWER
<p>If I suspect that someone has committed an alleged act of financial-services fraud, should I report it?</p>	<p>Yes. In fact, EIB encourages you to do so because it will assist us in combating all types of financial-services fraud in the District.</p>
<p>How do I report an allegation of financial-services fraud to the Enforcement and Investigation Bureau?</p>	<p>To report any of these types of fraud, please contact the Enforcement and Investigation Bureau at (202) 727-1563 or report online at www.disb.dc.gov.</p>
<p>After reporting an allegation of financial-services fraud, how soon should I expect to hear from the bureau?</p>	<p>Within one to two weeks after EIB receives your alleged fraud referral, a fraud investigator will mail you an acknowledgement letter, which will indicate the name of your fraud investigator and file number for all future references.</p> <p>However, if your complaint is not within the regulatory jurisdiction or authority of DISB, you will still receive a written response regarding your other options within two weeks.</p>

QUESTION	ANSWER
<p>How long does it take to complete an investigation?</p>	<p>There is no set time set for completion of investigation referrals. They will be fully investigated until all avenues of investigation are complete. The nature and complexity of a referral and subsequent investigation sometimes requires lengthy investigation.</p>
<p>Should I call to check on the investigation process?</p>	<p>No. Your assigned fraud investigator will keep you informed. However, if you have additional information, please put it in writing and send it to your assigned fraud investigator.</p>

QUESTION	ANSWER
<p>How does the Enforcement and Investigation Bureau resolve financial-services fraud referrals?</p>	<p>If EIB determines that there is not sufficient evidence that the alleged fraud was committed, you will receive a letter explaining why the bureau is closing the investigation.</p> <p>On the other hand, if EIB determines that there is sufficient evidence that the alleged fraud may have been committed, it will conduct a full investigation and then refer the case to the U.S. Attorney's Office for consideration for criminal prosecution; or to DISB's Office of Legal Affairs; or to the appropriate DISB bureau or external regulatory agency for consideration to take administrative action, or both.</p> <p>Keep in mind that fraud is acting in violation of any of the D.C. insurance, securities or banking and financial institutions laws or regulations.</p>

Government of the District of Columbia
Department of Insurance, Securities and Banking Directory

810 First Street, NE
Suite # 701
Washington, DC 20002

202-727-8000
www.disb.dc.gov

Bureau	Insurance	Securities	Banking	Enforcement and Investigation
Address	810 First Street, NE Suite # 701 Washington, DC 20002	810 First Street, NE Suite # 701 Washington, DC 20002	810 First Street, NE Suite # 701 Washington, DC 20002	1400 L Street, NW Suite # 400 Washington, DC 20005
Contact	Associate Commissioner (202) 727-8000	Associate Commissioner (202) 727-8000	Associate Commissioner (202) 727-8000	Associate Commissioner (202) 727-1563
E-mail	Insurancebureau@dc.gov	Securitiesbureau@dc.gov	Bankingbureau@dc.gov	Eib.disb@dc.gov

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